

THE REVERSE MORTGAGE
A SMART FINANCIAL DECISION

PRESENTED BY:

iReverse Home Loans
A Subsidiary of Hopkins Federal Savings Bank

Senior Concerns

- Is your mortgage paid off?
- Is your Social Security and/or pension sufficient?
- Rising costs of living: gas, health care, food, utilities, medications, etc.
- Fixed income with unexpected expenses.

Will you outlive your money?

Reverse mortgage proceeds may be used for anything!

- Pay off existing mortgage
- Pay taxes, insurance, HOA dues
- Healthcare costs, prescriptions
- Home improvements
- Long-term Care
- Charitable and family gifting
- Retirement home purchase
- Emergency Fund

 **Fidelity Reverse Home Loans**
A Subsidiary of Fidelity Federal Savings Bank

A Smart Financial Decision

Eligibility Requirements

- Age 62 years or older
- Must have some home equity
- Home must be principal residence



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Eligible Property Types

Must be primary residence

- Single family homes
- 1-4 Unit properties
- Some manufactured homes
- Condominiums and townhouses



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HECM Adjustable Payout Options

- Lump Sum
- Line of Credit: Provides draw flexibility
- Tenure Payments: Monthly payments for as long as you stay in home
- Term Payments: Monthly payments for a fixed time period
- Combination of the above

HECM Fixed Payout Options

Lump Sum



 **First Reverse Home Loans**
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Payout Amount is Determined By

- Age of youngest borrower when loan is taken out
- Appraised value of the home
- Amount of equity in home
- Current interest rates



The older you are and the more valuable your home, the more money you can receive!



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Loan Repayment

- Loan is paid when the last surviving borrower sells, moves or passes away, or you may choose to pay off the loan early.
- When you move out of your home, your estate has 3 to 12 months to repay the loan.



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Basic Borrower Responsibilities

- Pay property taxes on time
- Keep homeowner insurance(s) current
- Maintain home in good repair
- Must continue to live in home



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Government Benefit Considerations

- Generally, your Federal benefits such as Social Security or Medicare, are not affected.
- For State benefits, such as Medicaid, any reverse mortgage proceeds received must be used immediately. Funds retained would count as an asset and could impact Medicaid eligibility.

Borrowers should always consult proper government agencies and financial consultants.



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The Reverse Mortgage Process

- 1. Awareness** – Did you know that more than a half million seniors are currently enjoying a reverse mortgage?
- 2. Upfront Education** - Homeowner contacts a Reverse Mortgage Loan Officer for personalized information. *Note: We certainly encourage you to do research on your own, talk to your family, advisors, surf the net:*
 - NRMLA site: <http://www.nrmla.org/> (National Reverse Mortgage Lender's Association)
 - AARP website: <http://www.aarp.org/>
 - HUD website: <http://www.hud.gov/>



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- 3. Counseling** – Third party, independent counseling is required for all reverse mortgages and may be conducted face-to-face or by telephone.
- 4. Application/Disclosure** - Homeowner fills out a loan application and selects a payment plan. Lender discloses to homeowner the estimated total cost of the loan, as required by the federal Truth in Lending Act.
- 5. Processing** - Lender orders an appraisal, which the homeowner pays for, to place a value on the home.



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6. Underwriting - Lender finalizes loan parameters with homeowner.

7. Closing - When the loan package is approved, closing (signing) of loan is scheduled. Interest rates are calculated. Closing papers and final figures are prepared. Closing costs are normally financed as part of the loan.

8. Right of Rescission – Homeowner has three business days after signing papers in which to cancel the loan.

9. Disbursement - The homeowner may use the loan proceeds for any purpose.





Thank you!

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Robert Tollin
532 Broadhollow Rd, Suite 144
Melville NY 11747
516-652-8371
631-393-6601
rtollin@ireverse.com


